

Q1 2013



City of Red Bluff Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

Red Bluff In Brief

Receipts for Red Bluff's January through March sales were 7.1% higher than the same quarter one year ago. Actual sales activity was up 10.7% when reporting aberrations were factored out.

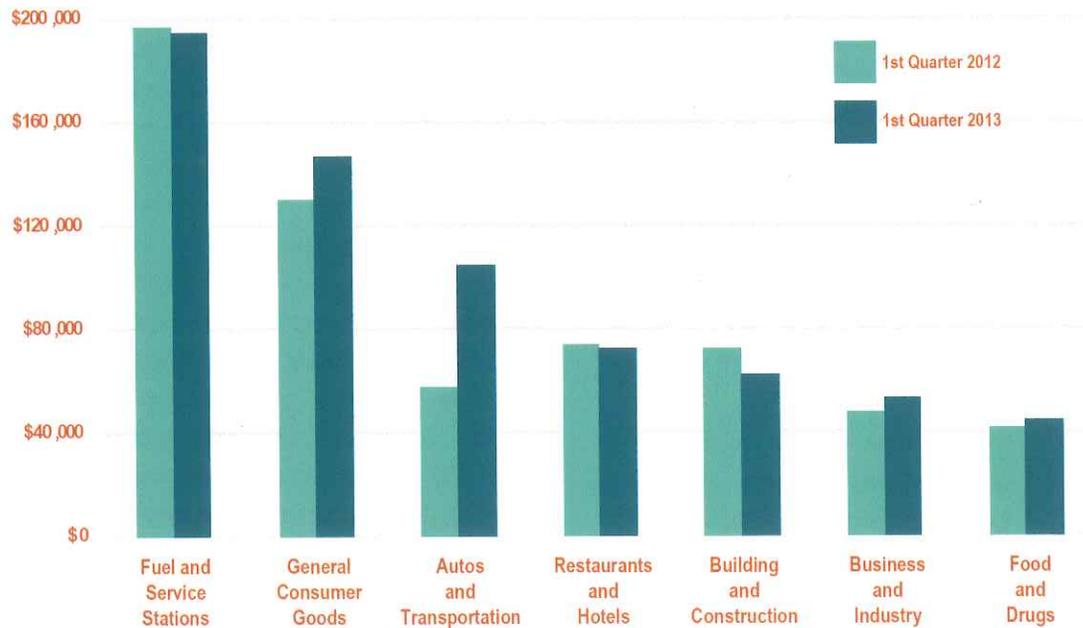
A retroactive adjustment that inflated the year-ago period accounted for the decline in building and construction. Once this onetime event was removed this group rose 21.3%. A new business boosted returns in auto-related sectors while a payment deviation in electronics/appliance stores inflated positive results in general consumer goods. Sales activity gained in other categories including specialty stores and home furnishings.

Temporary anomalies overstated receipts in business and industry. Garden/agricultural supplies showed particularly strong results.

Lower prices and a late payment depressed proceeds in service stations. Several closeouts contributed to the loss in restaurants.

Adjusted for aberrations, taxable sales for all of Tehama County increased 9.7% over the comparable time period, while the Far North region as a whole was up 7.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Adobe Road Chevron	Main Street Chevron
Antelope Valero	McDonalds
Arco AM PM	More for Less Gas
Carmonas Appliance & Mattress	One Stop Gas
Circle 7 Days	O'Reilly Auto Parts
CVS Pharmacy	Raleys Supermarket
Exxon Food Mart	Red Bluff AM PM
Food Maxx	Red Bluff Chrysler Dodge Jeep Ram
Growney Motors	Staples
Home Depot	Taco Bell
Les Schwab Tire Center	Tesoro West Coast
Liquor & Food	Tractor Supply Company
	Walmart

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$1,977,549	\$2,118,065
County Pool	203,958	200,985
State Pool	1,354	663
Gross Receipts	\$2,182,861	\$2,319,712
Cty/Cnty Share	(218,286)	(231,971)
Net Receipts	\$1,964,575	\$2,087,741
Less Triple Flip*	\$(491,144)	\$(521,935)

*Reimbursed from county compensation fund

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

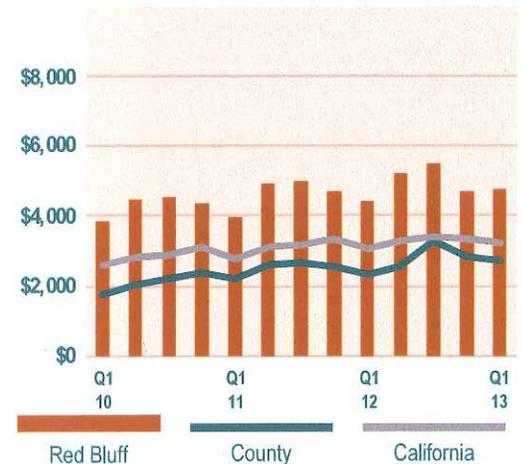
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



RED BLUFF TOP 15 BUSINESS TYPES

Business Type	Red Bluff		County	HdL State
	Q1 '13	Change	Change	Change
Auto Repair Shops	10,244	1.0%	-1.4%	3.9%
Automotive Supply Stores	21,053	2.3%	9.5%	4.9%
Discount Dept Stores	— CONFIDENTIAL —		1.0%	5.1%
Drug Stores	10,458	9.0%	9.4%	2.9%
Electronics/Appliance Stores	17,828	99.8%	91.9%	-3.3%
Garden/Agricultural Supplies	22,529	11.7%	30.8%	11.9%
Grocery Stores Liquor	27,718	7.0%	5.0%	24.7%
Home Furnishings	8,495	55.8%	-23.2%	4.7%
Lumber/Building Materials	— CONFIDENTIAL —		-17.2%	7.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —		31.4%	9.5%
Restaurants Beer And Wine	8,646	-21.5%	-12.5%	-1.4%
Restaurants Liquor	26,510	3.3%	17.0%	6.5%
Restaurants No Alcohol	36,412	-0.8%	6.8%	6.0%
Service Stations	188,402	-1.1%	1.3%	-2.2%
Used Automotive Dealers	8,958	-2.1%	3.1%	7.9%
Total All Accounts	\$679,367	9.2%	16.8%	5.7%
County & State Pool Allocation	59,848	-12.3%		
Gross Receipts	\$739,215	7.1%		
City/County Share	(73,922)	-7.1%		
Net Receipts	\$665,294	7.1%		